

**Arpak
International
Investments
Limited**

**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF-YEAR
ENDED DECEMBER 31, 2016**

ARPAK INTERNATIONAL INVESTMENTS LIMITED

COMPANY INFORMATION

Board of Directors	Begum Laila Sarfaraz Mr. Abbas Sarfaraz Khan Mr. Aziz Sarfaraz Khan Ms. Zarmine Sarfaraz Ms. Najda Sarfaraz Mr. Iskander M. Khan Mr. Usman Salim Khan	Chairperson Chief Executive
Audit Committee	Mr. Usman Salim Khan Mr. Abbas Sarfaraz Khan Mr. Aziz Sarfaraz Khan Mr. Iskander M. Khan Mr. Mujahid Bashir	Chairman Member Member Member Secretary
Company Secretary	Mr. Mujahid Bashir	
Chief Financial Officer	Mr. Rizwan Ullah Khan	
Head of Internal Audit	Syed Naveed Ali	
Auditors	M/s. ShineWing Hameed Chaudhri & Co. Chartered Accountants	
Legal Advisor	Ms. Shazia Malik - Advocate	
Shares Registrar	M/s. Hameed Majeed Associates (Pvt.) Ltd. H.M. House, 7-Bank Square, Lahore. Phone: 042-37235081 Fax: 042-37235083	
Bankers	Bank Al-Habib Limited The Bank of Khyber MCB Bank Limited	
Registered Office	King's Arcade, 20-A, Markaz F-7, Islamabad Phone: 051-2650805-7 Fax: 051-2651285-6	

ARPAK INTERNATIONAL INVESTMENTS LIMITED

BRIEF REVIEW

The Interim Financial Statements of the Company for the half year ended on December 31, 2016 are presented to the shareholders in compliance with the International Accounting Standard No. 34 "Interim Financial Reporting", the Code of Corporate Governance under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Pakistan Stock Exchange.

OPERATIONS

The Company suffered pre-tax loss of Rs. 499,051 (December 31, 2015: loss Rs. 13,269) during this period and after incorporating the share of loss of the associated undertakings, the Company's pre-tax loss has been reflected to Rs. 7,885,858 for the period.

INVESTMENTS

The Company has investments of Rs. 43.750 million in an associated Company and Rs. 50.405 million in mutual funds. The management has invested prudently to ensure appropriate returns on available funds.

ACCOUNTING POLICIES

There has been no change in the accounting policies adopted for the preparation of the enclosed quarterly financial statements of the Company.

ON BEHALF OF THE BOARD



Islamabad
February 24, 2017

(Abbas Sarfaraz Khan)
CHIEF EXECUTIVE

ARPAK INTERNATIONAL INVESTMENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Arpak International Investments Limited (the Company) as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2016.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half-year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting..

Shinewing Hameed Chaudhri & Co

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri

Lahore: February 25, 2017

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

	Un-audited December 31, 2016	Audited June 30, 2016
Note	---- Rupees ----	
Assets		
Non-Current Assets		
Property, plant and equipment	4,622,725	4,629,474
Investment property	1,868,326	1,877,479
Long term investments	5 199,782,320	200,538,460
Loan to an Associated Company	6 43,750,000	31,250,000
	250,023,371	238,295,413
Current Assets		
Current portion of loan to an Associated Company	6 -	12,500,000
Short term investment	7 50,468,861	59,454,365
Advance to an employee - considered good	224,750	244,750
Accrued mark-up	645,190	390,527
Prepayments	221,184	4,486
Other receivables	673,486	-
Advance income tax and tax deducted at source	610,008	1,401,279
Bank balances	1,163,429	1,213,369
	54,006,908	75,208,776
	304,030,279	313,504,189
Equity and Liabilities		
Share Capital and Reserves		
Authorized capital		
5,000,000 ordinary shares of Rs.10 each	50,000,000	50,000,000
Issued, subscribed and paid up capital		
4,000,000 ordinary shares of Rs.10 each	40,000,000	40,000,000
Reserves	13,367,244	13,256,873
Unappropriated profit	248,129,191	256,024,859
	301,496,435	309,281,732
Non-Current Liability		
Deferred taxation	182,213	189,959
Current Liabilities		
Accruals and other payables	1,723,431	3,080,237
Taxation	628,200	952,261
	2,351,631	4,032,498
Contingencies and Commitments		
	8	
	304,030,279	313,504,189

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

[Signature]

Chief Executive

[Signature]

Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2016

	Quarter ended		Half-year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
Income	2,821,611	2,811,892	5,628,687	5,406,163
Operating and general expenses	(3,534,500)	(3,060,084)	(6,123,189)	(5,414,109)
Operating loss	(712,889)	(248,192)	(494,502)	(7,946)
Bank charges	(2,284)	(1,518)	(4,549)	(5,323)
	(715,173)	(249,710)	(499,051)	(13,269)
Share of loss of an Associated Company - net of taxation	(828,608)	(3,048,455)	(7,386,807)	(816,688)
Loss before taxation	(1,543,781)	(3,298,165)	(7,885,858)	(829,957)
Taxation	(245,814)	(253,032)	(530,106)	(308,909)
Loss after taxation	(1,789,595)	(3,551,197)	(8,415,964)	(1,138,866)
Loss per share - basic and diluted	(0.45)	(0.89)	(2.10)	(0.28)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2016

	Quarter ended		Half-year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
Loss after taxation	(1,789,595)	(3,551,197)	(8,415,964)	(1,138,866)
Other comprehensive gain / (loss)				
Items that may be reclassified subsequently to profit and loss:				
Fair value gain / (loss) on re-measurement of available-for-sale investments	60,938	(170,137)	110,371	(328,575)
Total comprehensive loss	(1,728,657)	(3,721,334)	(8,305,593)	(1,467,441)

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2016

	Half-year ended	
	December 31, 2016	December 31, 2015
	----- Rupees -----	
Cash flow from operating activities		
Loss for the period - before taxation and share of loss of an Associated Company	(499,051)	(13,269)
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	39,749	24,977
Depreciation on investment property	9,152	9,635
Mark-up on loan to an Associated Company	(1,645,190)	(1,762,538)
Gain on sale of short term investment	(203,950)	(7,072)
Fair value gain on re-measurement of short term investment	(1,246,952)	(491,751)
Loss before working capital changes	(3,546,242)	(2,240,018)
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Advances to employees	20,000	120,000
Prepayments	(216,698)	(166,729)
Other receivables	(673,486)	(598,951)
Decrease in accruals and other payables	(1,356,806)	(589,867)
	(2,226,990)	(1,235,547)
Cash used in operations	(5,773,232)	(3,475,565)
Income tax paid	(70,642)	(311,802)
Net cash used in operating activities	(5,843,874)	(3,787,367)
Cash flows from investing activities		
Mark-up received on loan to an Associated Company	1,390,527	2,024,000
Fixed capital expenditure	(33,000)	-
Short term investment	10,436,407	(58,000,000)
Net cash generated from / (used in) investing activities	11,793,934	(55,976,000)
Net cash used in financing activities		
Dividend paid	(6,000,000)	(4,000,000)
Net decrease in cash and cash equivalents	(49,940)	(63,763,367)
Cash and cash equivalents - at beginning of the period	1,213,369	64,441,217
Cash and cash equivalents - at end of the period	1,163,429	677,850

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2016

	Reserves				Unappropriated profit	Total
	Share capital	Capital reserve	General reserve	Unrealised gain on available for sale investments		
	----- Rupees -----					
Balance as at July 01, 2015 - restated	40,000,000	7,440,781	5,400,000	612,750	235,771,778	289,225,309
Transaction with owners:						
Cash dividend for the year ended June 30, 2015 at the rate of Re.1 per share	-	-	-	-	(4,000,000)	(4,000,000)
Total comprehensive loss for the half-year ended December 31, 2015						
Loss for the period	-	-	-	-	(1,138,866)	(1,138,866)
Other comprehensive loss	-	-	-	(328,575)	-	(328,575)
Effect of items directly credited to equity by an Associated Company	-	-	-	(328,575)	(1,138,866)	(1,467,441)
Balance as at December 31, 2015 - restated	40,000,000	7,440,781	5,400,000	284,175	232,020,279	285,145,235
Balance as at July 01, 2016	40,000,000	7,440,781	5,400,000	416,092	256,024,859	309,281,732
Transaction with owners:						
Cash dividend for the year ended June 30, 2016 at the rate of Rs.1.5 per share	-	-	-	-	(6,000,000)	(6,000,000)
Total comprehensive income / (loss) for the half-year ended December 31, 2016						
Loss for the period	-	-	-	-	(8,415,964)	(8,415,964)
Other comprehensive income	-	-	-	110,371	-	110,371
Effect of items directly credited to equity by an Associated Company	-	-	-	110,371	(8,415,964)	(8,305,593)
Balance as at December 31, 2016	40,000,000	7,440,781	5,400,000	526,463	248,129,191	301,496,435

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.


Chief Executive


Director

ARPAK INTERNATIONAL INVESTMENTS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

Arpak International Investments Limited (the Company) was incorporated in Pakistan on July 26, 1977 as a Public Company and its shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 20-A, Markaz F-7, Islamabad. It is principally engaged in investment business of various forms.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2016 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2016 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2016.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2016.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2016.

5. LONG TERM INVESTMENTS

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	----- Rupees -----	
Associated Companies			
The Premier Sugar Mills and Distillery Company Ltd. - Quoted	5.1	142,298,127	143,164,638
Premier Board Mills Ltd. - Un-quoted	5.2	56,821,192	56,821,192
		<u>199,119,319</u>	199,985,830
Others - Quoted	5.3	663,001	552,630
		<u>199,782,320</u>	200,538,460

5.1 Investment in PSM represents 400,000 fully paid ordinary shares of Rs.10 each representing 10.67% (June 30, 2016: 10.67%) of PSM's issued, subscribed and paid-up capital as at December 31, 2016. PSM was incorporated on July 24, 1944 as a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of PSM is manufacturing and sale of white sugar and spirit. Market value of the Company's investment in PSM as at June 30, 2016 was Rs. 64.000 million (June 30, 2016: Rs.64.220 million). PSM is an associate of the Company due to common directorship.

5.2 Investment in PBML represents 600,000 fully paid ordinary shares of Rs.10 each representing 10.63% (June 30, 2016: 10.63%) of PBML's issued, subscribed and paid-up capital as at December 31, 2016. PBML was incorporated on May 12, 1980 as a public company and it is evaluating certain proposals for setting-up some industrial unit. PBML is an associate of the Company due to common directorship.

5.2.1 Carrying values of investments in PBML as at December 31, 2016 have not been accounted for using the equity method as required by IAS 28 (Investments in Associates) due to non-availability of financial statements for the half-year ended December 31, 2016.

	Un-audited December 31, 2016	Audited June 30, 2016
	----- Rupees -----	
5.3 Others - Quoted (Available for sale)		
Ibrahim Fibres Ltd.		
9,750 ordinary shares of Rs.10 each - cost	136,538	136,538
Add: adjustment on re-measurement to fair value	526,463	416,092
	<u>663,001</u>	<u>552,630</u>

6. LOAN TO AN ASSOCIATED COMPANY

Balance as at June 30,	43,750,000	43,750,000
Less: current portion grouped under current assets	-	12,500,000
	<u>43,750,000</u>	<u>31,250,000</u>

6.1 The Company and Chashma Sugar Mills Ltd. (CSM) had entered into a loan agreement on May 20, 2008 whereby the Company advanced loan aggregating Rs.50 million to CSM. As per the original terms of the loan agreement, the loan was receivable in 8 equal half-yearly instalments to be commenced from May, 2013. The Company and CSM, during the financial year ended June 30, 2014 and then again during the current period revised the repayment terms of the loan agreement. As per the latest revised agreement this loan is now receivable in seven half-yearly instalments commencing November, 2019. The loan carries mark-up at the rate of 1 Month KIBOR+1.25% per annum; effective mark-up rates charged by the Company, during the current period, ranged from 7.45% to 7.50% (June 30, 2016: 7.50% to 8.24%) per annum. The loan is secured against a promissory note of Rs.59 million.

7. SHORT TERM INVESTMENT

- at fair value through profit and loss

This represents investment in 489,942 (June 30, 2016: 592,559) units of First Habib Cash Fund.

8. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment outstanding as at December 31, 2016 and June 30, 2016.

9. TRANSACTIONS WITH RELATED PARTIES

9.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited Half-year ended	
		December 31, 2016	2015
		---- Rupees ----	
Associated Company	Mark-up earned on loan to an Associated Company	1,645,190	1,762,538
Key management personnel	Remuneration and other benefits	1,926,000	1,864,432
		Un-audited December 31, 2016	Audited June 30, 2016
		---- Rupees ----	

9.2 Period / year end balances are as follows:

Investments	199,119,319	199,985,830
Loan to an Associated Company	43,750,000	43,750,000
Accrued Mark-up on loan to an Associated Company	645,190	390,527

10. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2016. There have been no change in risk management objectives and policies of the Company during the period.

This condensed interim financial information does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2016.

11. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year.

12. GENERAL

This condensed interim financial information was approved by the Board of Directors and authorised for issue on February 24, 2017.


Chief Executive


Director